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THE BALDWIN COMPANY

CLEVELAND PUBLIC LIBRARY  
BUSINESS INFORMATION BUREAU  
CORPORATION FILE  
Cincinnati, Ohio  
April 5, 1943

ANNUAL REPORT TO SHAREHOLDERS  
EIGHTIETH YEAR

To the Shareholders of The Baldwin Company:

Sales for the year 1942 amounted to \$4,162,540.86. The net profit for the year 1942, after deduction of depreciation charges amounting to \$36,545.75, and provision for Federal Income Taxes amounting to \$272,000.00, was \$326,557.86 compared with \$322,474.44 for the year 1941.

Consolidated Balance Sheets as of December 31, 1942 and 1941 and Analysis of Surplus Accounts for the year 1942 are appended hereto.

On December 31, 1942, Total Current Assets amounted to \$5,035,020.39 and Current Liabilities to \$648,978.09, which is a ratio of 7.8 to 1.

Principal changes during the past year in Current Accounts are as follows:

Cash increased \$352,820.73. There were on hand at the end of the year U. S. Treasury Tax Notes amounting to \$280,000.00 and other U. S. Government Securities amounting to \$300,000.00. A new item on the Balance Sheet — "Accounts Receivable for Reimbursable Expenditures on U. S. Army Air Forces Contracts"—amounted at the year end to \$1,780,688.83. Customers' Accounts Receivable created in the piano division of our business decreased \$1,476,269.49. Net Inventories of Finished Pianos and Accessories decreased \$582,263.35. The manufacture of pianos having been stopped on July 31, 1942, pursuant to order of the War Production Board, net inventories of Piano Making Raw Materials and Work in Process of Manufacture, which amounted to \$496,255.06 on December 31, 1942, have not been included in Current Assets. Accounts Payable decreased \$175,100.21. Accrued Expenses decreased \$12,787.73. The liability for Federal Excise Taxes decreased \$35,488.63 and Federal Income Tax Accrued decreased \$152,264.53 over the previous year.

The Reduction in Customers' Accounts Receivable in the piano division made possible the transfer of \$406,170.18 from the Reserve for Possible Losses on such accounts to the Reserve for Contingencies.

During 1942 regular dividends were paid on the 6% Cumulative Preferred Stocks and dividends aggregating \$1.00 per share were paid on the Common Stock. The net increase in Earned Surplus, after all charges, amounted to \$90,429.08.

Since the discontinuance of piano manufacture on July 31, 1942, our factory facilities have been completely converted to production for the Army Air Forces and our personnel devoted whole-heartedly to the war effort. The fine craftsmanship which has built so many pianos is now fabricating sturdy plywood sections for cargo transports and trainer planes.

Our entire organization is being preserved and strengthened to serve our Country efficiently and loyally for the duration, and to assume an active part in the post-war economy.

Respectfully submitted,  
LUCIEN WULSIN, President

**THE BALDWIN COMPANY AND SUBS**  
**CONDENSED CONSOLIDA**  
**AS OF DECEMBER 31, 1941**

<b>ASSETS</b>	<b>December 31, 1942</b>	<b>December 31, 1941</b>
Cash in Bank and on Hand.....	\$ 846,302.53	\$ 493,481.80
United States Treasury Tax Notes	280,000.00	—0—
Other United States Government Obligations .....	300,000.00	—0—
<b>Accounts Receivable:</b>		
Reimbursable Expenditures on Government Contracts .....	1,780,688.83	—0—
Customers' Accounts Receivable.....	\$1,577,096.96	\$3,906,487.39
Less: Dealers' Contingent Equities..	264,440.66	732,698.36
	<u>\$1,312,656.30</u>	<u>\$3,173,789.03</u>
Less: Reserve for Possible Losses....	332,392.06	980,264.24
		<u>717,255.30</u>
		2,456,533.73
<b>Inventories:</b>		
Finished Pianos and Accessories.....	\$ 918,776.13	\$1,501,039.48
Less: Inventory Reserve.....	71,011.34	847,764.79
		<u>71,011.34</u>
		1,430,028.14
Piano Making Raw Material and Work in Process.....	—0—	\$1,214,582.83
Less: Inventory Reserve.....	—0—	—0—
		<u>179,549.51</u>
		1,035,033.32
<b>Total Current Assets</b> .....	<u>\$5,035,020.39</u>	<u>\$5,415,076.99</u>
<b>Inventories:</b>		
Piano Making Raw Material and Work in Process.....	\$ 627,677.79	—0—
Less: Inventory Reserve.....	131,422.73	496,255.06
		<u>—0—</u>
		—0—
<b>Plant and Equipment:</b>		
Real Estate and Buildings.....	\$1,218,970.16	\$1,224,939.02
Machinery and Equipment.....	1,086,358.43	1,117,982.57
	<u>\$2,305,328.59</u>	<u>\$2,342,921.59</u>
Less: Reserve for Depreciation.....	1,475,406.76	829,921.83
		<u>1,470,663.42</u>
		872,258.17
<b>Other Assets</b> .....	39,301.50	38,310.00
<b>Deferred Charges to Future Operations</b> .....	18,320.15	12,084.80
<b>Total Assets</b> .....	<u>\$6,418,818.93</u>	<u>\$6,337,729.96</u>

**ANALYSIS OF CONSOLIDATED SURPLUS ACCO**

<b>Balances, January 1, 1942</b> .....	
<b>Add:</b>	
Net Profit for year ended December 31, 1942.....	\$ 326,557.80
Adjustment of Prior Year's Provision for Real Estate Taxes, etc. ....	77.2
Discount on Preferred Stock Purchased.....	300.0
	<u>                    </u>
<b>Deduct:</b>	
Dividends Paid on Preferred Stock.....	\$ 102,426.00
Dividends Paid on Common Stock.....	133,780.00
	<u>                    </u>
<b>Balances, December 31, 1942</b> .....	

**AUDITOR'S C**

To the Stockholders of The Baldwin Company:

We have examined the consolidated balance sheet of THE BALDWIN COMPANY and its subsidiary as of December 31, 1942, and the consolidated statements of income and surplus for the year then ended; have reviewed the accounting procedures and the system of internal control of the companies and, without making a detailed audit of the transactions, have examined or tested accounting records and other evidence in support of such financial statements. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all auditing procedures we considered necessary, which procedures



**SUBSIDIARY (The Baldwin Piano Company)**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF DECEMBER 31, 1942**

<b>LIABILITIES AND CAPITAL</b>	<b>December 31, 1942</b>	<b>December 31, 1941</b>
Accounts Payable .....	\$ 193,738.15	\$ 368,838.36
Accrued Expenses .....	79,042.18	91,829.91
Federal Excise Tax.....	24,462.29	59,950.92
Federal Income Taxes.....	351,735.47	504,000.00
<b>Total Current Liabilities.....</b>	<b>\$ 648,978.09</b>	<b>\$1,024,619.19</b>
Deferred Credits .....	116,476.17	147,461.10
Reserve for Contingencies.....	812,632.63	412,646.71
<b>Capital Stock and Surplus:</b>		
Capital Stock:		
Preferred—		
6% Issue of 1901-1903		
Issued and Outstanding 2,327		
Shares .....	\$ 232,700.00	\$ 232,700.00
Less: In Treasury.....	69,300.00	66,300.00
	163,400.00	166,400.00
6% Issue of 1924, Series A,		
Issued and Outstanding 20,000		
Shares .....	\$2,000,000.00	\$2,000,000.00
Less: In Treasury.....	457,800.00	457,800.00
	1,542,200.00	1,542,200.00
Common:		
Issued and Outstanding,		
133,786.6 Shares .....	1,070,292.80	1,070,292.80
Surplus:		
Capital .....	284,686.37	\$ 284,386.37
Earned .....	1,780,152.87	2,064,839.24
	1,689,723.79	1,974,110.16
<b>Total Liabilities and Capital.....</b>	<b>\$6,418,818.93</b>	<b>\$6,337,729.96</b>

**STATEMENTS OF SURPLUS FOR YEAR ENDED DECEMBER 31, 1942**

<b>Total</b>	<b>Capital Surplus</b>	<b>Earned Surplus</b>
\$1,974,110.16	\$ 284,386.37	\$1,689,723.79
		\$ 326,557.86
		77.22
	300.00	
326,935.08		326,635.08
\$2,301,045.24	\$ 284,686.37	\$2,016,358.87
		\$ 102,426.00
236,206.00		133,780.00
\$2,064,839.24	\$ 284,686.37	\$1,780,152.87

**CERTIFICATE**

were applied by tests to the extent we deemed appropriate in view of the system of internal control.

In our opinion, the accompanying consolidated balance sheet and related statement of consolidated surplus present fairly the position of THE BALDWIN COMPANY and its subsidiary at December 31, 1942, and the result of their consolidated operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

CINCINNATI, OHIO,

MURPHY, LANIER & QUINN,

March 31, 1943

Public Accountants

#### OFFICERS:

Lucien Wulsin.....President and Treasurer  
J. P. Thornton.....Vice-President  
Philip Wyman.....Vice-President  
A. J. Schoenberger.....Secretary  
W. H. Smith.....Asst. Treasurer  
R. F. Coghill .....Asst. Secretary  
Irwin Stumborg.....Asst. Secretary

#### DIRECTORS:

Lucien Wulsin Cincinnati	Wm. J. Rielly Cincinnati
J. P. Thornton Cincinnati	Philip Wyman Cincinnati
Geo. W. Lawrence Cincinnati	

#### GENERAL OFFICES:

Gilbert Avenue, Cincinnati  
Cable Address: "Baldwinco, Cincinnati"

#### PRINCIPAL SELLING OFFICES:

Cincinnati	Chicago	New York
St. Louis	Denver	Louisville
Pittsburgh	Kansas City	San Francisco

#### EXPORT OFFICES:

New York	Cincinnati	San Francisco
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#### SUBSIDIARY COMPANY

The Baldwin Piano Company